



**Key Municipal Finance, a Division of
Key Corporate Capital, Inc.**

**State of Alaska
Master Lease Financing Line of Credit**

Procedures Outline (Application, Pricing and Closing)

The following information is provided as a basic outline of the procedures necessary for application, pricing and funding of lease schedules under the State of Alaska, Master Lease Financing Line of Credit:

I. APPLICATION PROCESS – NOTICE OF INTENT TO LEASE/PURCHASE		
ITEM #	ACTIVITY	RESPONSIBLE PARTY
1.	Identify Equipment in Budget to be Lease Financed – Complete Notice of Intent to Lease Purchase Form.	Agency/Dept. Procurement Officer
2.	Agency Approval - Equipment to be Lease Financed	Agency/Dept. Administrator
3.	Clarification of funds availability and submittal of approved Notice of Intent to Department of Revenue	Agency Administrator & Department of Management and Budget
4.	Department of Revenue reviews and either approves or rejects Notice of Intent to Lease Purchase	Department of Revenue
5.	Department of Revenue sends (via fax) approved Notice of Intent to Key Municipal Finance for review	Department of Revenue

II. FINANCING CONTRACT– DOCUMENTATION AND FUNDING		
ITEM #	ACTIVITY	RESPONSIBLE PARTY
1.	Personal Property Financing Contract submitted to Agency/Dept. for execution.	Department of Revenue
2.	Personal Property Financing Contract executed and returned to Department of Revenue	Agency/Dept. Procurement Officer
3.	Personal Property Financing Contract forwarded to Lessor and Bond Counsel for review	Department of Revenue
4.	Pricing Set – Amortization Schedules sent to Department of Revenue for execution and Bond Counsel for review.	Key Municipal Finance
5.	Amortization Schedules Executed by Department of Revenue and Returned to Lessor and Bond Counsel (via fax).	Department of Revenue
6.	Bond Counsel confirms review and legal opinion circulated	Bond Counsel
7.	Parties close by phone with payment of Financing Proceeds – (1) Payment to Vendor, or (2) Deposit into escrow account, or (3) Reimbursement of Agency/Dept.	Key Municipal Finance

III. KEY DATES – DOCUMENTATION & FUNDING		
DATE	ACTIVITY	RESPONSIBLE PARTY
Last day of the month preceding the month of funding	Receipt of Completed Personal Property Financing Contract at the Offices of Department of Revenue	Agency/Dept. Procurement Officer
1 st business day of day of funding	Notice of receipt of Personal Property Financing Contracts to KMF and Bond Counsel	Department of Revenue
5 th business day of month of funding	Completed Review of Personal Property Financing Contracts and Delivery to Key Municipal Finance of Pricing of Lease Schedules	Department of Revenue
10 th day of the month of funding	Completed review of Personal Property Financing Contracts by KMF and completion of pricing with delivery of Exhibit C – Agency Rent Schedules to DOR and Bond Counsel	Key Municipal Finance
10 th business day	Bond counsel completes review of Personal Property	Bond Counsel



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of month of funding	Financing Contracts and distributes form of Bond Counsel opinion, arbitrage certificate and Form 8038-G	
12 th business day of month of funding	Closing via conference call	All Parties

IV. PRICING

FINANCING TERM: State Agencies will have financing terms of 3, 5, 7 and 10 years available for the acquisition of equipment. The maximum financing terms for any equipment financed will be based on the expected useful life of the equipment to be financed. A separate Personal Property Financing Contract will be used for each term of years.

PAYMENT DATES: Quarterly payments in arrears fixed on the following dates (1/15, 4/15, 7/15, 10/15) (the “Master Lease Payment Dates”). No Financing Contracts will have their initial payment set less than two months from the respective closing date.

RATE INDEX: The Lease Interest Rate for all financing options (3, 5, 7 and 10 years) under the Master Lease Agreement will be indexed from Key Municipal Finance’s Base Rate (The “KMF Base Rate”). The KMF Base Rate is equal to the weighted average of the [Five Year, Aaa Municipal G.O. Bond Index Rate](#) as Quoted by the Delphis Hanover Corporation, and the [Five Year](#) U.S. Constant Maturity Treasury Rate as reported in the Federal Reserve’s H-15 Release.

The KMF Base Rate will be recalculated on every lease pricing date (8th day of the month).